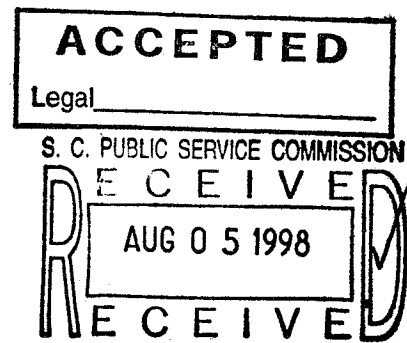


**RIVER PINES WATER SYSTEMS, INC.
RATE INCREASE**

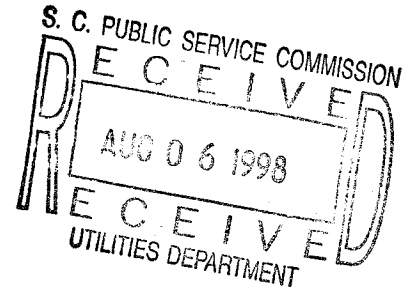
DOCKET NO. 98-362-W/S

RIVER PINES WATER SYSTEMS, INC.
P. O. Box 2585
Rock Hill, South Carolina 29731

July 21, 1998



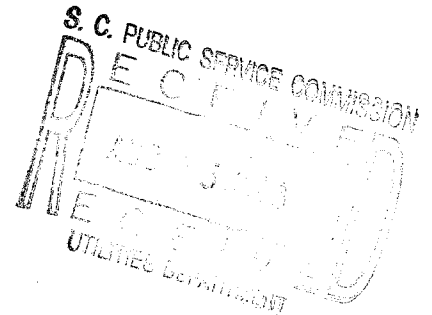
The Public Service Commission
of South Carolina
Columbia, South Carolina



Gentlemen:

Submitted herewith is the River Pines Water Systems, Inc. application for an increase in existing rates and charges for water and sewer service in the utilities service areas of the River Pines and Wood Forest Subdivisions, South Carolina. As support for the company's application, the following is included:

1. A statement of reason justifying the need for the proposed rate adjustments;
2. Current Balance Sheet and Income and Expense Statement for the twelve months ended October 31, 1997;
3. Proposed rate schedule;
4. Test year proposed to be used;
5. Pro-forma income and expense statement using proposed rates applied to proposed test year;
6. Depreciation schedule by categories of plant;
7. Operating statistics for the test year;
8. Cost justification for proposed rates and charges, including tap fees; (Return on Investment)
9. Performance bond in accordance with R.103-512.3;
10. Current service area map;



The Public Service Commission
of South Carolina
Page 2

11. Statement or total plant investment;
12. Most recent letter of approval from the Department of Health and Environmental Control, dated not more than six (6) months prior to date of application; and
13. Customer bill form.

The owners do hereby request of the Commission for authorization of such rate increases as are detailed in this report.

Thank you for your consideration in this matter.

Sincerely yours,

A handwritten signature in black ink, appearing to read "James D. Hix", written over the printed name.

James D. Hix
President

JDH:jf
Enclosures

River Pines Water Systems, Inc.
Request for an Increase in Existing Rates and Charges
July 15, 1998

STATEMENT JUSTIFYING THE NEED FOR THE PROPOSED RATE INCREASE

River Pines Water Systems, Inc. (The Company) provides water service to approximately 70 customers in the River Pines Subdivision and 131 customers in the Wood Forest Subdivision just outside Rock Hill, South Carolina. The Company also provides sewer service to approximately 104 customers in Wood Forest. The last rate increase was approved by The Public Service Commission on March 30, 1988. The rates approved and currently in force are as follows:

<u>GALLONS</u> <u>OVER</u>	<u>BUT NOT</u> <u>OVER</u>	<u>WATER</u>	<u>SEWER</u>
0	1,999	\$ 6.00	\$ 16.10
2,000	2,999	6.60	16.10
3,000	3,999	8.40	16.10

\$8.40 plus \$1.80 per 1,000 gallons used in excess of 3,999

A comparison of operating expenses for the year ended October 31, 1988 to those for the year ended October 31, 1997 follows:

	1997	1988	Difference	Percent Increase
Operating expenses-Water	\$ 30,582	\$ 20,067	\$ 10,515	52.4%
Operating expenses-Sewer	22,637	19,263	3,374	17.5%

In addition to the normal increase in operating expenses the Company has contracted to purchase wholesale water to serve it's Wood Forest Subdivision customers from The City of Rock Hill after October 1, 1998. This move became necessary to supply the needs of Wood Forest when one of its wells became inoperable. The Company will purchase water from The City for a flat rate of \$ 14.11 per month and \$.00201 per gallon used.

PROPOSED WATER RATES

Due to the difference in the cost of water for the two subdivisions (River Pines and Wood Forest) the company is proposing different rates for each as follows:

River Pines - Base Charge \$ 6.00 plus \$.00198 per gallon

Wood Forest - Base Charge \$ 6.00 plus \$.00243 per gallon

The above water rates will allow the company to recoup its cost of either pumping the water from wells (River Pines) or purchasing water from third parties (Wood Forest) and cover the increased cost of distribution and operating expenses and recover a modest return on its investment.

PROPOSED SEWER RATES

Due to the cost of operations the sewer system had an operating deficit for the test year of \$ 3,648.48. The Company is proposing an increase of \$5.40 to a flat rate of \$21.50 per month for sewer service. This rate will allow The Company to recover its cost of operation and recognize a modest return on its investment.

COMPARISON WITH SURROUNDING UTILITY RATES

The following table compares the proposed average monthly water and sewer bill to River Pines customers after introduction of the proposed rates to two other utilities in close proximity. The numbers in parenthesis represent average monthly usage.

	<u>River Pines</u>	<u>City of Rock Hill</u>	<u>Blue Ribbon Water Co.</u>
<u>Water</u>			
River Pines Subdivision (6,758)	\$ 19.38	\$ 27.70	\$ 26.57
Wood Forest Subdivision (8,660)	27.04	31.52	31.52
<u>Sewer</u>			
Wood Forest Subdivision (8,660)	21.50	40.52	25.00

Historical Financial Statements

Year Ended October 31, 1997

Larry D. French, CPA
P. O. Box 11576
Rock Hill, SC 29731

July 20, 1998

River Pines Water Systems
4464 Cypress Cove
Rock Hill, SC 29732

To the Board of Directors of River Pines Water Systems

I have compiled the accompanying balance sheet of River Pines Water Systems as of October 31, 1997 and the related statements of income for the 12 Months and the 12 Months Ended in accordance with standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting, in the form of financial statements, information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Any accompanying supplemental information is presented for the purposes of additional analysis and is not a required part of the basic financial statements. I have not audited or reviewed such supplemental information and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures and the statement of cash flow required by generally accepted accounting principles. If the omitted disclosures were included in the financial statement, they might influence the user's conclusions about the company's financial position, results of operations, and its cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Sincerely,

A handwritten signature in cursive script, appearing to read "Larry D. French", written in dark ink.

Larry D. French, CPA

River Pines Water Systems
Consolidated Balance Sheet
As of October 31, 1997

ASSETS

Utility Plant		
Non Utility Equipment	\$	982.00
Right of Way		756.00
Wells and Distribution System		74,653.53
Sewer Collection System		63,295.83
Equipment		16,276.15
Treatment Plant		36,610.98
Accumulated Depreciation		<u>(107,760.68)</u>
Total Utility Plant	\$	84,813.81
Current Assets		
Cash in Bank		11,035.53
Savings-Money Market-1st Cit		5,166.04
Customer Accounts Receivable		<u>6,080.37</u>
Total Current Assets	\$	22,281.94
Other Assets		
Organization Cost		720.00
Less Amortization		<u>(720.00)</u>
TOTAL ASSETS	\$	<u>107,095.75</u>

LIABILITIES

Current Liabilities		
Accounts Payable-Trade		<u>1,789.59</u>
Total Current Liabilities	\$	<u>1,789.59</u>
TOTAL LIABILITIES	\$	<u>1,789.59</u>

EQUITY

Common Stock		2,000.00
Retained Earnings		(140,773.87)
Less Dividends Paid		(20,000.00)
Paid In Capital		256,813.65
Net Income (Loss) Current Period		<u>(7,266.38)</u>
TOTAL EQUITY	\$	<u>105,306.16</u>
TOTAL LIABILITIES & EQUITY	\$	<u>107,095.75</u>

River Pines Water Systems
Balance Sheet
River Pines - Water
As of October 31, 1997

ASSETS

Utility Plant		
Non Utility Equipment	982.00	
Right of Way	756.00	
Wells and Distribution System	10,869.41	
Accumulated Depreciation	(7,813.00)	
Total Utility Plant	\$	4,794.41
Current Assets		
Cash in Bank	11,035.53	
Savings	5,166.04	
Customer Accounts Receivable	6,080.37	
Total Current Assets	\$	22,281.94
Other Assets		
Organization Cost	720.00	
Less Amortization	(720.00)	
TOTAL ASSETS	\$	<u>27,076.35</u>

LIABILITIES

Current Liabilities		
Accounts Payable	1,789.59	
Total Current Liabilities	\$	1,789.59
TOTAL LIABILITIES	\$	1,789.59

EQUITY

Net Income (Loss) Current Period	3,122.39	
Common Stock	2,000.00	
Paid In Capital	256,813.65	
Retained Earnings	(222,172.61)	
Dividends Paid	(20,000.00)	
TOTAL EQUITY	\$	19,763.43
TOTAL LIABILITIES & EQUITY	\$	<u>21,553.02</u>

River Pines Water Systems
Balance Sheet
Wood Forest-Water
As of October 31, 1997

ASSETS

Utility Plant		
Wells and Distribution System	63,784.12	
Equipment	8,181.15	
Accumulated Depreciation	<u>(41,893.68)</u>	
Total Utility Plant	\$	30,071.59
Current Assets		
Other Assets		
TOTAL ASSETS	\$	<u>30,071.59</u>

LIABILITIES

Current Liabilities

EQUITY

Net Income (Loss) Current Period	(7,626.43)	
Retained Earnings	<u>28,648.93</u>	
TOTAL EQUITY	\$	<u>36,275.36</u>
TOTAL LIABILITIES & EQUITY	\$	<u>36,275.36</u>

Utility Plant		
Sewer Collection System	63,295.83	
Equipment	8,095.00	
Treatment Plant	36,610.98	
Accumulated Depreciation	(58,054.00)	
Total Utility Plant	\$	49,947.81
Current Assets		
Other Assets		
TOTAL ASSETS	\$	49,947.81

Current Liabilities

Net Income (Loss) Current Period	3,648.48	
Retained Earnings	<u>52,749.81</u>	
TOTAL EQUITY		\$ 49,101.33
TOTAL LIABILITIES & EQUITY		<u>\$ 49,101.33</u>

River Pines Water Systems
Consolidated Income Statment
For the period ended October 31, 1997

	12 Months Ended Oct. 31, 1997	12 Months Ended Oct. 31, 1997
Income		
Unmetered Sales-Residential	\$ 18,934.00	\$ 18,934.00
Metered Sales-Residential	41,147.49	41,147.49
VOC Testing Fee	6,925.00	6,925.00
Late Payment Charges	187.50	187.50
Return Check Charges	50.00	50.00
Total Utility Sales	<u>67,243.99</u>	<u>67,243.99</u>
Operating Expenses		
Treatment and Disposal-Sewer		
Purchased Power-Operations	3,035.40	3,035.40
Testing/Chemicals-Operations	3,458.38	3,458.38
Materials & Supplies-Maintena	1,409.64	1,409.64
Equipment Rental-Maintenance	627.61	627.61
Contractural Ser-Maintenance	5,576.24	5,576.24
Total Treatment & Disposal	<u>14,107.27</u>	<u>14,107.27</u>
Source of Supply-Water		
Purchased Power	7,416.38	7,416.38
Testing and Chemicals	874.00	874.00
VOC TESTING FEES	6,925.00	6,925.00
Materials and Supplies-Maint	1,669.67	1,669.67
Contractural Services-Maint	7,717.95	7,717.95
Total Source of Supply	<u>24,603.00</u>	<u>24,603.00</u>
Customer Accounts		
Contract Ser-Meter Reading	1,200.00	1,200.00
Contract Ser-Billing & Collec	3,000.00	3,000.00
Postage	722.00	722.00
Printing & Supplies	94.50	94.50
Customer Accounts	<u>5,016.50</u>	<u>5,016.50</u>
Administrative and General		
Contract Ser-Management	6,000.00	6,000.00
Accounting	600.00	600.00
Telephone	663.50	663.50
Bank Charges	17.51	17.51
Licenses and Permits	749.42	749.42
General Office Expense	563.02	563.02
Utilities-Office	194.00	194.00
Total Admin. & General	<u>8,787.45</u>	<u>8,787.45</u>
Depreciation	5,342.00	5,342.00
Property Taxes	2,287.43	2,287.43
Total Operating Expenses	<u>60,143.65</u>	<u>60,143.65</u>
Other Income		
Interest Income	166.04	166.04
Total Other Income	<u>166.04</u>	<u>166.04</u>
Net income (loss)	<u>\$ 7,266.38</u>	<u>\$ 7,266.38</u>

River Pines Water Systems
River Pines-Water
For the period ended October 31, 1997

	<u>12 Months Ended Oct. 31, 1997</u>	<u>12 Months Ended Oct. 31, 1997</u>
Income		
Metered Sales-Residential	12,236.00	12,236.00
VOC Testing Fee	2,478.00	2,478.00
Late Payment Charges	81.45	81.45
Total Utility Sales	<u>14,795.45</u>	<u>14,795.45</u>
Operating Expenses		
Source of Supply		
Purchased Power	1,750.57	1,750.57
Testing and Chemicals	452.00	452.00
VOC TESTING FEES	1,323.00	1,323.00
Materials and Supplies-Maint	567.18	567.18
Contractural Services-Maint	3,483.55	3,483.55
Total Source of Supply	<u>7,576.30</u>	<u>7,576.30</u>
Customer Accounts		
Contract Ser-Meter Reading	420.00	420.00
Contract Ser-Billing & Collec	3,000.00	3,000.00
Postage	722.00	722.00
Printing & Supplies	94.50	94.50
Allocated Customer Accts Exp	(2,938.71)	(2,938.71)
Total Customer Accounts	<u>1,297.79</u>	<u>1,297.79</u>
Administrative and General		
Contract Ser-Management	1,380.00	1,380.00
Accounting	600.00	600.00
Telephone	663.50	663.50
Bank Charges	17.51	17.51
Licenses and Permits	278.14	278.14
General Office Expense	563.02	563.02
Utilities-Office	194.00	194.00
Allocated Admin Expense	(1,783.45)	(1,783.45)
Total Admin & General	<u>1,912.72</u>	<u>1,912.72</u>
Depreciation	558.00	558.00
Property Taxes	328.25	328.25
Total Operating Expenses	<u>11,673.06</u>	<u>11,673.06</u>
Net income (loss)	<u>\$ 3,122.39</u>	<u>\$ 3,122.39</u>

River Pines Water Systems
Wood Forest-Water
For the period ended October 31, 1997

	12 Months Ended Oct. 31, 1997	12 Months Ended Oct. 31, 1997
Income		
Metered Sales-Residential	28,911.49	28,911.49
VOC Testing Fee	4,447.00	4,447.00
Late Payment Charges	68.93	68.93
Returned Check Charges	32.50	32.50
Total Utility Revenue	<u>33,459.92</u>	<u>33,459.92</u>
Operating Expenses		
Source of Supply-Water		
Purchased Power	5,665.81	5,665.81
Testing and Chemicals	422.00	422.00
VOC TESTING FEES	5,602.00	5,602.00
Materials and Supplies-Maint	1,102.49	1,102.49
Contractural Services-Maint	4,234.40	4,234.40
Total Source of Supply	<u>17,026.70</u>	<u>17,026.70</u>
Customer Accounts		
Contract Ser-Meter Reading	780.00	780.00
Allocated Customer Accts Exp	1,641.10	1,641.10
Total Customer Accounts	<u>2,421.10</u>	<u>2,421.10</u>
General and Administrative		
Contract Ser-Management	2,580.00	2,580.00
Licenses and Permits	218.14	218.14
Allocated Admin Expense	995.95	995.95
Total Admin and Genreal	<u>3,794.09</u>	<u>3,794.09</u>
Depreciation	1,982.00	1,982.00
Property Taxes	609.60	609.60
Total Operating Expenses	<u>25,833.49</u>	<u>25,833.49</u>
Net income (loss)	<u>\$ 7,626.43</u>	<u>\$ 7,626.43</u>

River Pines Water Systems
Wood Forest-Sewer
For the period ended October 31, 1997

	12 Months Ended Oct. 31, 1997	12 Months Ended Oct. 31, 1997
Income		
Unmetered Sales-Residential	18,934.00	18,934.00
Late Payment Charges	37.12	37.12
Returned Check Charges	17.50	17.50
Total Utility Revenue	<u>18,988.62</u>	<u>18,988.62</u>
Operating Expenses		
Treatment and Disposal Sewer		
Purchased Power-Operations	3,035.40	3,035.40
Testing/Chemicals-Operations	3,458.38	3,458.38
Materials & Supplies-Maintena	1,409.64	1,409.64
Equipment Rental-Maintenance	627.61	627.61
Contractural Ser-Maintenance	5,576.24	5,576.24
Total Treatment & Disposal	<u>14,107.27</u>	<u>14,107.27</u>
Customer Accounts		
Allocated Customer Accts Exp	1,297.61	1,297.61
Total Customer Accounts	<u>1,297.61</u>	<u>1,297.61</u>
Administrative and General		
Contract Ser-Management	2,040.00	2,040.00
Licenses and Permits	253.14	253.14
Allocated Admin Expense	787.50	787.50
Total Admin & General	<u>3,080.64</u>	<u>3,080.64</u>
Depreciation	2,802.00	2,802.00
Property Taxes	1,349.58	1,349.58
Total Operating Expenses	<u>22,637.10</u>	<u>22,637.10</u>
Net income (loss)	<u>\$ (3,648.48)</u>	<u>\$ (3,648.48)</u>

**RIVER PINES WATER SYSTEMS, INC.
PROPOSED RATE SCHEDULE**

WATER

River Pines Subdivision

Base Charge - \$6.00 plus 0.00198 per gallon for all gallons used.

Wood Forest Subdivision

Base Charge - \$6.00 plus 0.00243 per gallon for all gallons used.

SEWER

Flat Rate - \$21.50

RECONNECT FEE

Each reconnection - \$25.00

Item # 4

RIVER PINES WATER SYSTEMS, INC.
WATER AND SEWER RATE APPLICATION

Test year proposed to be used: 11/1/96 to 10/31/97

Pro-Forma Income Statement

Test Year Ended October 31, 1997

RIVER PINES WATER SYSTEMS, INC.
 PRO-FORMA INCOME STATEMENT
 TEST YEAR ENDED: OCTOBER 31, 1997

INCOME		River Pines Water	Wood Forest Water	Wood Forest Sewer	Combined
Metered Sales	(1)	16,279.97	41,925.86	0.00	58,205.84
Unmetered Sales	(2)	0.00	0.00	26,402.00	26,402.00
VOC Testing Fee	(3)	0.00	0.00	0.00	0.00
Late Payment Charges		81.45	68.93	37.12	187.50
Returned Check Charges		0.00	32.50	17.50	50.00
		<u>16,361.42</u>	<u>42,027.29</u>	<u>26,456.62</u>	<u>84,845.34</u>
TREATMENT AND DISPOSAL EXPENSES					
Purchased Power		0.00	0.00	3,035.40	3,035.40
Testing and Chemicals-Operations		0.00	0.00	3,458.38	3,458.38
Materials and Supplies-Maintenance		0.00	0.00	1,409.64	1,409.64
Equipment Rental-Maintenance		0.00	0.00	627.61	627.61
Contractual Services-Maintenance		0.00	0.00	5,576.24	5,576.24
		<u>0.00</u>	<u>0.00</u>	<u>14,107.27</u>	<u>14,107.27</u>
SOURCE OF SUPPLY EXPENSE					
Purchased Power	(4)	1,750.57	0.00	0.00	1,750.57
Purchased Water	(5)	0.00	27,161.11	0.00	27,161.11
Testing and Chemicals		452.00	422.00	0.00	874.00
VOC Testing Fees	(3)	1,323.00	0.00	0.00	1,323.00
Materials and Supplies-Maintenance		567.18	1,102.49	0.00	1,669.67
Contractual Services-Maintenance		3,483.55	2,334.40	0.00	5,817.95
		<u>7,576.30</u>	<u>31,020.00</u>	<u>0.00</u>	<u>38,596.30</u>
CUSTOMER ACCOUNTS EXPENSE					
Contract Services-Meter Reading		420.00	780.00	0.00	1,200.00
Contract Services-Billing & Collections		3,000.00	0.00	0.00	3,000.00
Postage		722.00	0.00	0.00	722.00
Printing & Supplies		94.50	0.00	0.00	94.50
Allocated Customer Accounts Expense		(2,938.71)	1,641.10	1,297.61	(0.00)
		<u>1,297.79</u>	<u>2,421.10</u>	<u>1,297.61</u>	<u>5,016.50</u>
ADMINISTRATIVE AND GENERAL EXPENSE					
Contract Services-Management		1,380.00	2,580.00	2,040.00	6,000.00
Accounting		600.00	0.00	0.00	600.00
Telephone		663.50	0.00	0.00	663.50
Bank Charges		17.51	0.00	0.00	17.51
Licenses and Permits		278.14	218.14	253.14	749.42
General Office Expense		563.02	0.00	0.00	563.02
Utilities-Office		194.00	0.00	0.00	194.00
Allocated Administration Expense		(1,783.45)	995.95	787.50	0.00
		<u>1,912.72</u>	<u>3,794.09</u>	<u>3,080.64</u>	<u>8,787.45</u>
DEPRECIATION AND PROPERTY TAXES					
Depreciation		558.00	1,982.00	2,802.00	5,342.00
Property Taxes		328.25	609.60	1,349.58	2,287.44
		<u>886.25</u>	<u>2,591.60</u>	<u>4,151.58</u>	<u>7,629.44</u>
Total Expenses		<u>11,673.06</u>	<u>39,826.79</u>	<u>22,637.10</u>	<u>74,136.96</u>
Net Income		<u>4,688.36</u>	<u>2,200.50</u>	<u>3,819.52</u>	<u>10,708.38</u>

RIVER PINES WATER SYSTEMS, INC.
Notes and Assumptions to the Pro-Forma Income Statement

- (1) Metered sales reflect proposed increased rates for water applied to the actual gallons used for the year November 1, 1996 to October 31, 1997. See Schedules 1 and 2 attached.
- (2) Unmetered sales reflect proposed increased rates for sewer applied to the customer base for the year November 1, 1996 to October 31, 1997. See Schedule 3.
- (3) Mandated DHEC testing fees will be passed on to customers when allowed. No collection of testing fees has been assumed nor has the payment of such fees been projected.
- (4) No purchased power will necessary to supply water from wells for the Wood Forest Subdivision after September 30, 1998. 100% of the water for this subdivision will be purchased from the City of Rock Hill.
- (5) Beginning October 1, 1998, 100% of the water to supply The Wood Forest Subdivision will be purchased from the City of Rock Hill. Cost of purchased water has been calculated based on usage for the period November 1, 1996 to October 31, 1997. See Schedule 2.
- (6) Non-direct contractual services maintenance for the two water systems is allocated 35% to River Pines and 65% to Wood Forest Subdivisions.
- (7) Contract services-meter reading are allocated 35% to River Pines and 65% to Wood Forest.
- (8) Other customer accounts expenses and non-direct administrative and general expenses are allocated 23% to River Pines-water; 43% to Wood Forest-water; and 34% to Wood Forest-Sewer.

RIVER PINES WATER SYSTEMS, INC.
COMPUTATION OF PRO-FORMA WATER SALES
TEST YEAR ENDED: OCTOBER 31, 1997

Schedule 1

Water Sales

RIVER PINES Proposed Rate: \$6.00 + .00198 per gal.

	Actual Gal. Used Test Yr.	No. Cust	Avg. Use Customer	Billing @ New Rate
1996				
Nov	295,350	70	4,219	1,004.79
Dec	440,590	70	6,294	1,292.37
1997				
Jan	449,210	70	6,417	1,309.44
Feb	264,460	70	3,778	943.63
Mar	519,330	70	7,419	1,448.27
Apr	307,340	70	4,391	1,028.53
May	730,270	70	10,432	1,865.93
Jun	521,740	70	7,453	1,453.05
Jul	696,481	70	9,950	1,799.03
Aug	673,833	70	9,626	1,754.19
Sep	353,700	70	5,053	1,120.33
Oct	424,450	70	6,064	1,260.41
Totals	5,676,754.00		81,096.49	16,279.97

Monthly Avg. Customer Usage 6,758

Monthly Avg. Customer Bill 19.38

WOODFOREST Proposed Rate: 6.00 + .00243 per gal.

Schedule 2

					Cost of Water	
					Base	P/Gallon
1996						
Nov	789,650	128	6,169	2,686.85	14.11	1,587
Dec	1,118,010	128	8,734	3,484.76	14.11	2,247
1997						
Jan	844,370	128	6,597	2,819.82	14.11	1,697
Feb	833,050	128	6,508	2,792.31	14.11	1,674
Mar	1,052,080	128	8,219	3,324.55	14.11	2,115
Apr	737,340	128	5,760	2,559.74	14.11	1,482
May	1,628,900	129	12,627	4,732.23	14.11	3,274
Jun	1,301,520	130	10,012	3,942.69	14.11	2,616
Jul	1,543,220	130	11,871	4,530.02	14.11	3,102
Aug	1,486,400	130	11,434	4,391.95	14.11	2,988
Sep	1,096,160	131	8,368	3,449.67	14.11	2,203
Oct	998,050	131	7,619	3,211.26	14.11	2,006
Totals	13,428,750		103,918	41,925.86	169.32	26,991.79
						27,161.11

Monthly Avg. Customer Usage 8,660

Monthly Avg. Customer Bill 27.04

RIVER PINES WATER SYSTEMS, INC.
COMPUTATION OF PRO-FORMA WATER SALES
TEST YEAR ENDED: OCTOBER 31, 1997

Schedule 3

Sewer
WOODFOREST Proposed Rate: Flat Rate \$ 21.50

	Actual Gal. Used Test Yr.	No. Cust	Avg. Use Customer	Billing @ New Rate
1996				
Nov	N/A	101	N/A	2,171.50
Dec	N/A	101	N/A	2,171.50
1997				
Jan	N/A	101	N/A	2,171.50
Feb	N/A	101	N/A	2,171.50
Mar	N/A	101	N/A	2,171.50
Apr	N/A	102	N/A	2,193.00
May	N/A	103	N/A	2,214.50
Jun	N/A	103	N/A	2,214.50
Jul	N/A	103	N/A	2,214.50
Aug	N/A	104	N/A	2,236.00
Sep	N/A	104	N/A	2,236.00
Oct	N/A	104	N/A	2,236.00
Totals				<u>26,402.00</u>

Item # 6

All Business Activities

RIVER PINES WATER SYSTEMS, INC.

57-0668630

Client: 3310

07/20/98 03:50 pm Loc. # 1 - 999 Gr. # 1 - 999 Book Dep. Summary By Group

Period 11/01/96 - 10/31/97 Page 1

Num	Loc	Property Description			Acquired	Cost	Exp/AFD	Prior Dep.	Cur Dep.	End. Dep.	Net Book V.
NUR	Sp	Mth	CL	Life	SV or Bus %	ITC					
Group # 1 - RIVER PINES-WATER											
1000	1						6/01/78	10,869.00	0.00	3,960.00	6,546.70
N	SL			30.0000	0.00						
1001	1						6/01/78	756.00	0.00	0.00	756.00
R	**				0.00						
Group Totals								11,625.00	0.00c	3,960.00	7,302.70
Group # 2 - WOOD FOREST-WATER											
2000	2						1/01/80	32,957.00	0.00	18,475.00	13,383.40
N	SL			30.0000	0.00						
2001	2						1/01/86	10,813.00	0.00	3,960.00	6,492.50
N	SL			30.0000	0.00						
2002	2						1/01/80	16,609.00	0.00	9,341.00	6,852.70
N	SL			40.0000	0.00						
2003	2						12/01/88	230.00	0.00	184.00	23.00
N	SL			10.0000	0.00						
2004	2						6/01/79	7,951.00	0.00	7,951.00	0.00
N	SL			10.0000	0.00						
2005	1						9/01/97M	3,405.00	0.00c	0.00	3,383.70
N	S	20.0	20.0000						21.28	21.28	
Group Totals								71,965.00	0.00c	39,911.00	30,135.40
Group # 3 - WOOD FOREST-SEWER											
3000	1						1/01/80	63,296.00	0.00	26,633.00	35,080.60
N	SL			40.0000	0.00						
3001	2						1/01/80	36,611.00	0.00	20,524.00	14,866.60
N	SL			30.0000	0.00						
3002	2						6/01/79	8,095.00	0.00	8,095.00	0.00
N	SL			10.0000	0.00						
Group Totals								108,002.00	0.00c	55,252.00	49,947.20
Group # 4 - OFFICE EQUIPMENT											
4000	2						5/01/94	982.00	0.00	588.00	197.40
N	S	5.0	5.0000								
Group Totals								982.00	0.00c	588.00	197.40
Grand Totals								192,574.00	0.00c	99,711.00	87,583.40

RIVER PINES WATER SYSTEMS, INC.
WATER AND SEWER RATE APPLICATION
Operating Statistics
TEST YEAR ENDED: OCTOBER 31, 1997

River Pines - Water

Present number of customers:	70
Expected additional customers during next 12 months:	0
Average gallons used per customer per month	6,758
Average water bill per customer per month - actual	\$ 14.56
Average water bill per customer per month - proposed	\$ 19.38

(Note: An additional charge of \$2.95 per month per customer was added to each water bill to cover mandated DHEC inspection fees)

Wood Forest - Water

Present number of customers:	131
Expected additional customers during next 12 months:	1
Average gallons used per customer per month	8,660
Average water bill per customer per month - actual	\$ 17.99
Average water bill per customer per month - proposed	\$ 27.04

(Note: An additional charge of \$2.95 per month per customer was added to each water bill to cover mandated DHEC inspection fees)

Wood Forest - Sewer

Present number of customers:	104
Expected additional customers during next 12 months:	0
Average sewer bill per customer per month - actual	\$ 16.10
Average water bill per customer per month - proposed	\$ 21.50

Item # 8

Water

RIVER PINES WATER SYSTEMS, INC.
COMPUTATION OF PRO-FORMA RETURN ON RATE BASE
WATER
TEST YEAR ENDED: OCTOBER 31, 1997

Computation of Cash Working Capital Allowance

Operating and maintenance expense	\$ 37,507
Less: Depreciation expense	<u>2,540</u>
	<u>34,967</u>

Allowance rate .125

Cash working capital allowance \$ 4,371

Original Cost Rate Base

Gross plant in service	\$ 83,590
Less: Accumulated Depreciation	<u>46,151</u>
Net plant in service	37,439
Add: Cash working capital	<u>4,371</u>
Total projected rate base	<u>\$ 41,810</u>

Pro-Forma Return on Rate Base

Pro-forma net income-River Pines water	\$ 4,688
Pro-forma net income-Wood Forest water	<u>2,201</u>
	<u>6,889</u>

Pro-forma return on rate base 16.48%

Item # 8
Sewer

RIVER PINES WATER SYSTEMS, INC.
COMPUTATION OF PRO-FORMA RETURN ON RATE BASE
SEWER
TEST YEAR ENDED: OCTOBER 31, 1997

Computation of Cash Working Capital Allowance

Operating and maintenance expense	\$ 22,637
Less: Depreciation expense	<u>2,802</u>
	<u>19,835</u>

Allowance rate	.125
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Cash working capital allowance	<u>\$ 2,479</u>
--------------------------------	-----------------

Original Cost Rate Base

Gross plant in service	\$108,002
Less: Accumulated Depreciation	<u>58,055</u>
Net plant in service	49,947
Add: Cash working capital	<u>2,479</u>
Total projected rate base	<u>\$ 52,426</u>

Pro-Forma Return on Rate Base

Pro-forma net income-Wood Forest Sewer	<u>\$ 4,688</u>
--	-----------------

Pro-forma return on rate base	<u>8.94%</u>
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PERFORMANCE BOND

River Pines Water Systems, Inc.

PERFORMANCE BOND

KNOW ALL MEN BY THESE PRESENTS, that RIVER PINES WATER SYSTEMS, INC., being duly qualified to do business in the State of South Carolina, designated as "principal," and that J. D. HIX designated as "surety" are held and firmly bound unto the Public Service Commission of South Carolina, designated as "obligee," in the penal sum of \$20,000.00 dollars, for the payment of which well and truly be made, the principal binds itself, its successors and assigns, and the surety binds himself, his personal representatives, heirs and assigns, jointly and as severally, firmly by these presents.

WHEREAS, in accordance with the provisions of S. C. Code Ann., 58-5-720 (1976), which requires the principal to furnish a bond with sufficient surety, to the satisfaction of the obligee, conditioned as provided in said 58-5-720, and

WHEREAS, the obligee has granted the principal a certificate of public convenience and necessity and approved a schedule of rates for (water, sewer) service in areas shown on operating area maps filed with the obligee, and

WHEREAS, this bond, when approved by the obligee, conditioned as in said 58-5-720, is to cover any and all liability, which may arise as a result of the principal failing to provide adequate and sufficient service within its service area as prescribed in 58-7-720, and

WHEREAS, the obligee, upon notice and hearing, shall have the right to declare all or any part of the bond forfeited upon a determination by the obligee that the principal shall have willfully failed to provide such service as prescribed above, without just cause of excuse, and that such failure has continued for an unreasonable length of time, and

WHEREAS, the liability under the terms of this bond is hereby extended so as to include any fines or penalties imposed or assessed by the obligee against the principal under the provisions of S. C. Code Ann., 58-5-720 (1976), and

WHEREAS, in the event that any judicial action or proceedings are initiated with respect to this bond, the parties hereby agree that the venue thereof shall be Richland County, State of South Carolina, and

WHEREAS, the surety shall file with this bond a verified financial statements showing personal assets, liabilities, and net worth certified by an accountant or other party acceptable to the obligee, and shall file annually with the obligee a revised verified financial statement as long as the bond continues in affect, and

WHEREAS, this bond shall become effective on the date executed by the principal and surety, and shall continue from year to year unless the obligations of the principal and surety under this bond are expressly released by the obligee in writing, and,

WHEREAS, the obligee upon notice and opportunity to the principal and surety to be heard, may order that the face amount of this bond to be charged within the limits set forth in S.C. Code Ann., 58-5-720 (1976).

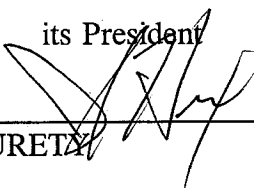
NOW THEREFORE, in testimony whereof, said principal has hereunto subscribed its name and said principal has caused this instrument to be signed by its duly authorized officers, and its corporate seal to be hereunto affixed, this 20th day of July, 1998; and that said surety have caused this instrument to be signed this 20th day of July, 1998.

IN THE PRESENCE OF:

(NAME OF COMPANY)

BY; River Pines Water Systems, Inc.

Ruth Schutt
Loei Kerette

its President

SURETY

ACKNOWLEDGEMENT OF PRINCIPAL

STATE OF SOUTH CAROLINA)
)
COUNTY OF YORK)

On July 20, 1998, before me personally came J. D. HIX to me known, and who being duly sworn, did depose and state: That he is the President of RIVER PINES WATER SYSTEMS, INC., the corporation which executed the foregoing instrument; that he knows the seal of said corporation, that the seal affixed to the said instrument is such corporate seal; that it was so affixed by the order of the Board of Directors of said corporation, and that he signed his name to said instrument by like order.



J.D. HIX

SWORN to before me this

20 day of July 1998.

Caroline D. Helms (L.S.)

My Commission Expires: 7-23-07

(Affixed seal if not South Carolina Notary Public)

ACKNOWLEDGEMENT OF SURETY

STATE OF SOUTH CAROLINA)
)
COUNTY OF YORK)

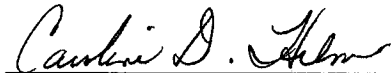
On July 20, 1998, before me personally came J.D. HIX to me known and known to me to be the individual described in and who executed the foregoing instrument, and acknowledged to me that he executed the same.



J.D. HIX

SWORN to before me this

20 day of July, 1998.



My Commission Expires: 7-23-07

(Affix seal it not South Carolina Notary Public)

JAMES D. HIX
STATEMENT OF ASSETS AND LIABILITIES
JUNE 30, 1998

ASSETS

Cash	\$ 6,152
Undivided interest in real estate (See schedule attached)	428,000
Stocks and bonds at Market Value	436,815
Notes Receivable	30,000
Automobiles and Personal Property	<u>40,000</u>
 TOTAL ASSETS	 <u>\$ 940,967</u>

LIABILITIES

Mortgages payable (See Schedule Attached)	\$ 36,200
Miscellaneous Accounts Payable	<u>2,000</u>
 TOTAL LIABILITIES	 <u>\$ 38,200</u>
 EXCESS OF ASSETS OVER LIABILITIES	 <u>\$ 902,767</u>

JAMES D. HIX
SCHEDULE OF REAL ESTATE
JUNE 30, 1998

<u>Description</u>	<u>Date Acquired</u>	<u>Total</u>		<u>Percent Owned</u>	<u>J. D. Hix Portion</u>		<u>Amount of Mortgage</u>		<u>J. D. Hix Portion</u>	
		<u>Fair Market Value</u>	<u>Value</u>							
Undeveloped Lots - Wood Forest Subdivision	1974	76,000	76,000	100.00%	76,000	0	0	0	0	0
Undeveloped Lots - River Pines Subdivision	1971	10,000	10,000	100.00%	10,000	0	0	0	0	0
Rental Houses	1979-1994	560,000	560,000	50.00%	280,000	72,428	36,200	36,200	36,200	36,200
Rental Houses	1994	62,000	62,000	100.00%	62,000	0	0	0	0	0
		<u>708,000</u>	<u>708,000</u>		<u>428,000</u>	<u>72,428</u>	<u>36,200</u>	<u>36,200</u>	<u>36,200</u>	<u>36,200</u>

ACKNOWLEDGEMENT

STATE OF SOUTH CAROLINA)
)
COUNTY OF YORK)

On July 20, 1998, before me personally came James D. Hix to me known and known to me to be the individual described in and who executed the foregoing instrument, and acknowledged to me that he executed the same.


James D. Hix

Affirmed to before me this

20 day of July, 1998



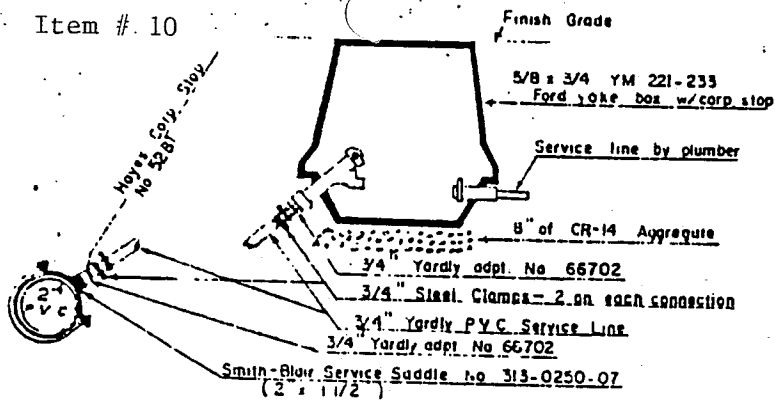
Notary Public

My Commision Expires: 7-23-07

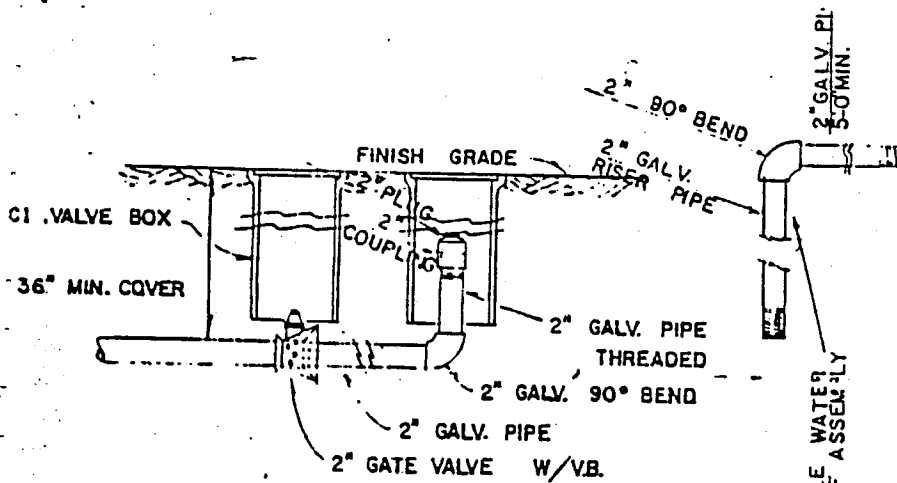
PLATS OF SUBDIVISIONS

Item #. 10

RIVER PINES

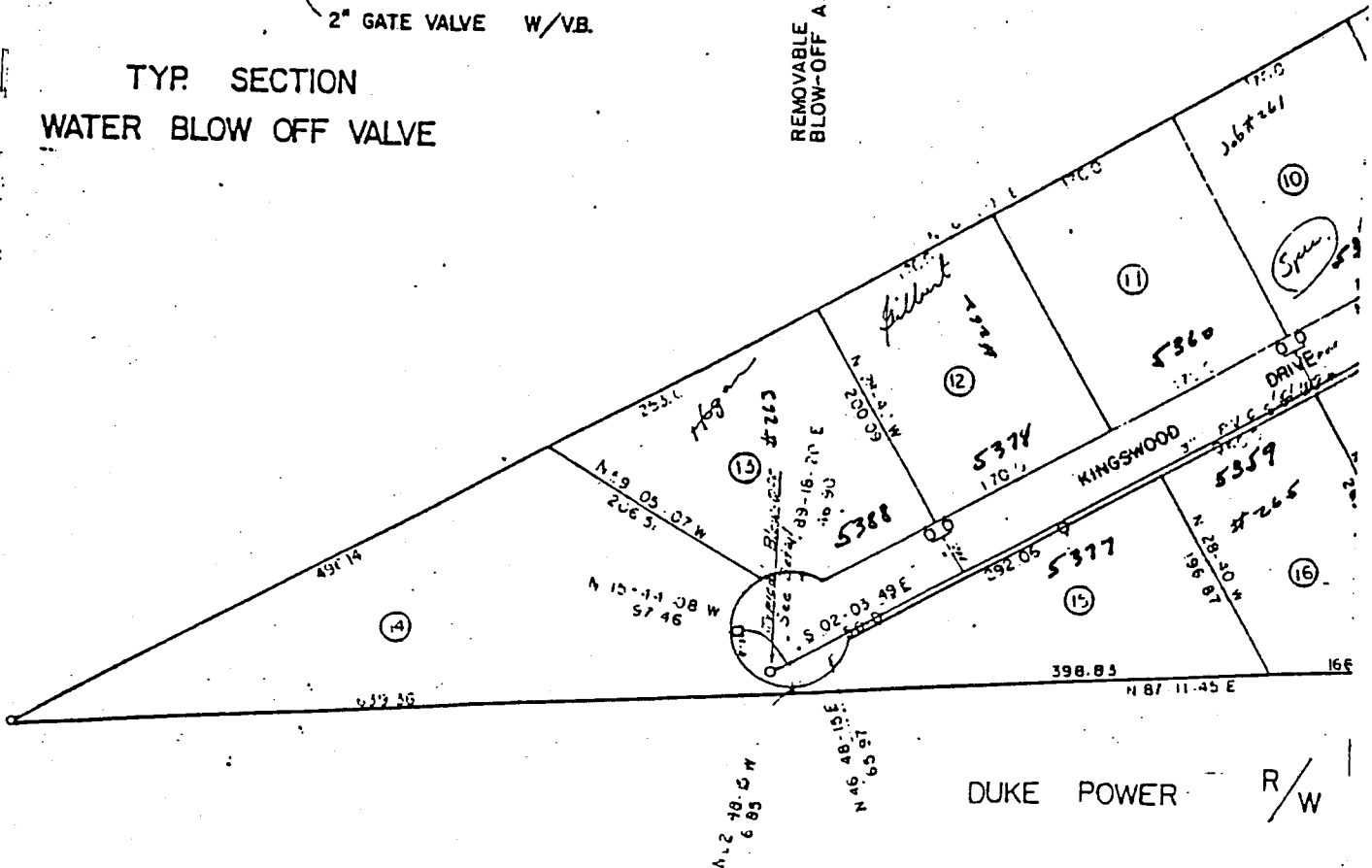


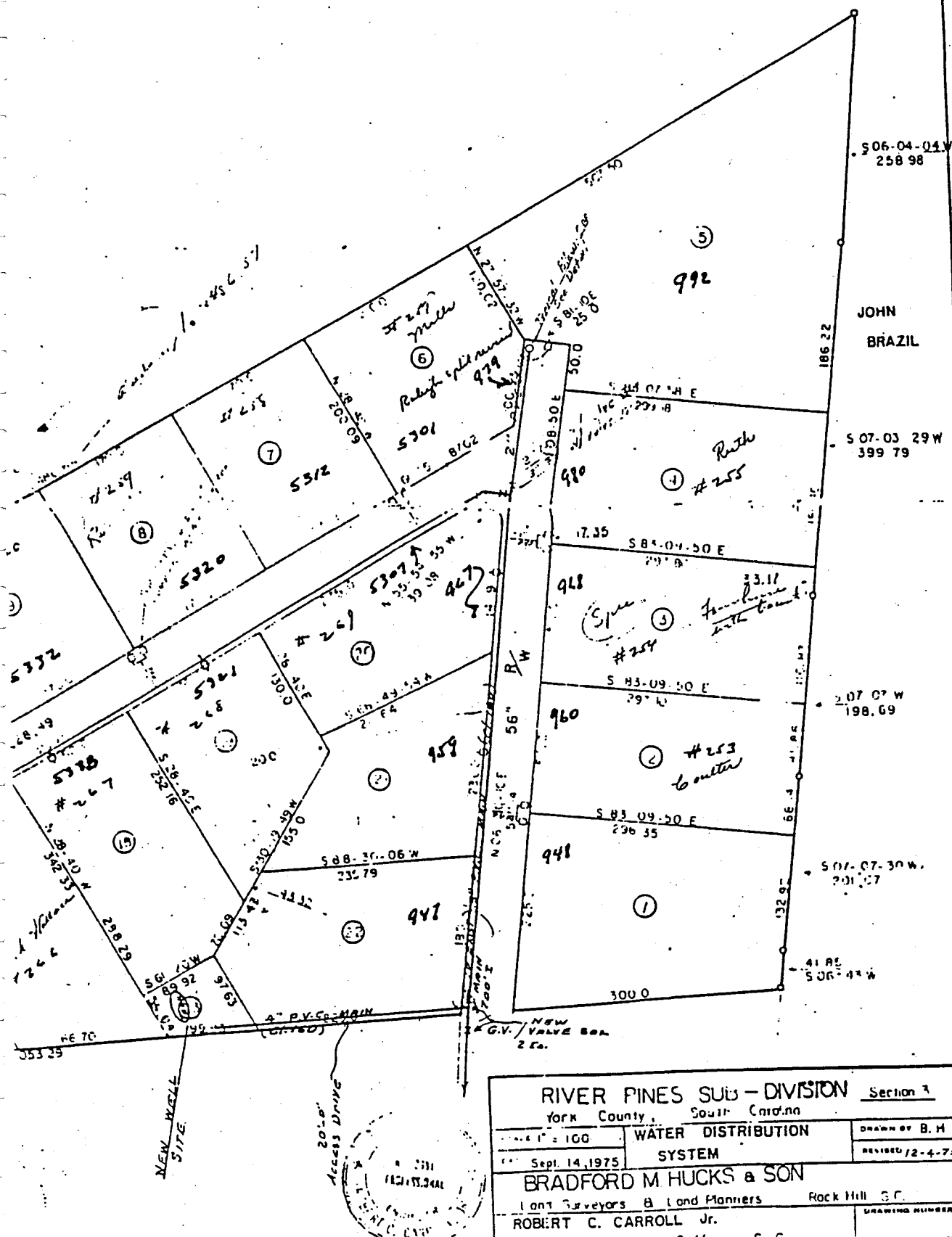
TYPICAL SECTION
SERVICE & METER. BOX DETAIL
N.T.S.

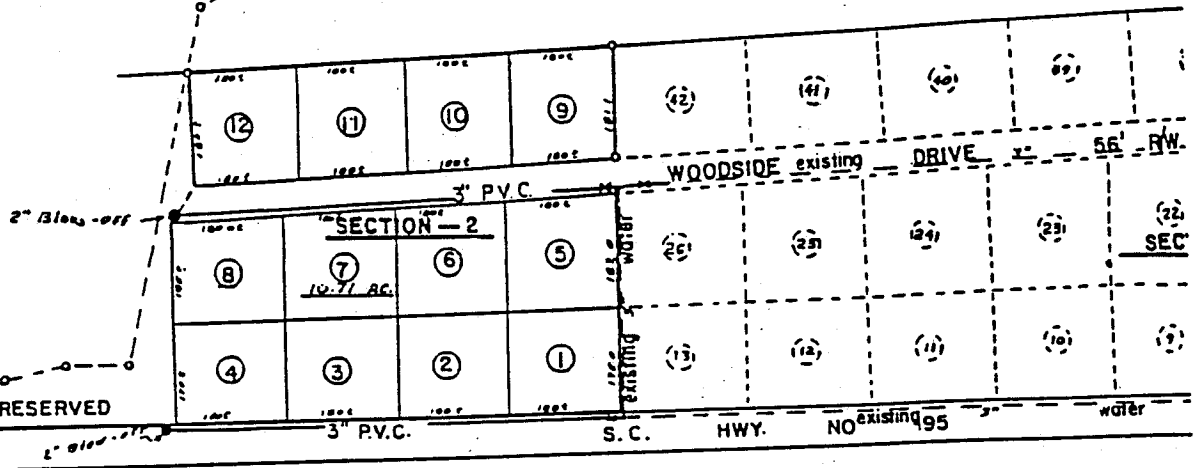
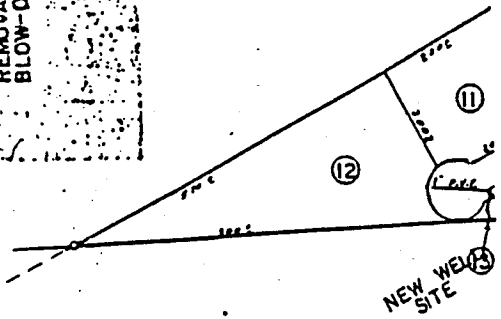
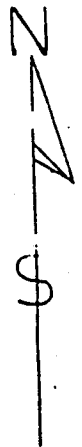
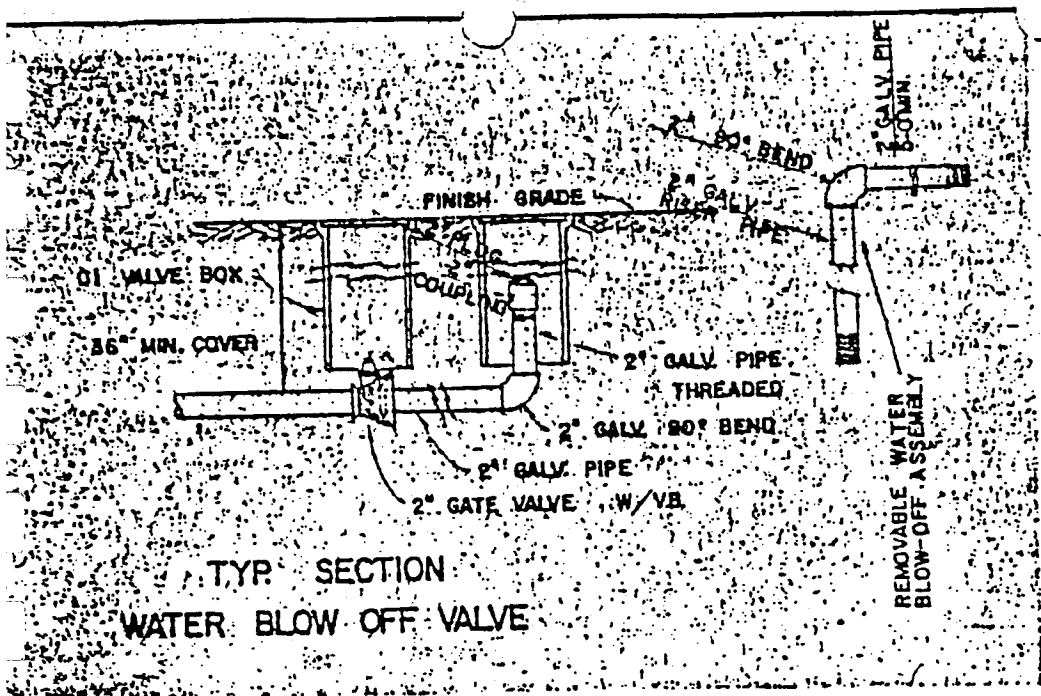


JOHN S. NEALY

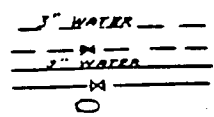
TYP. SECTION
WATER BLOW OFF VALVE

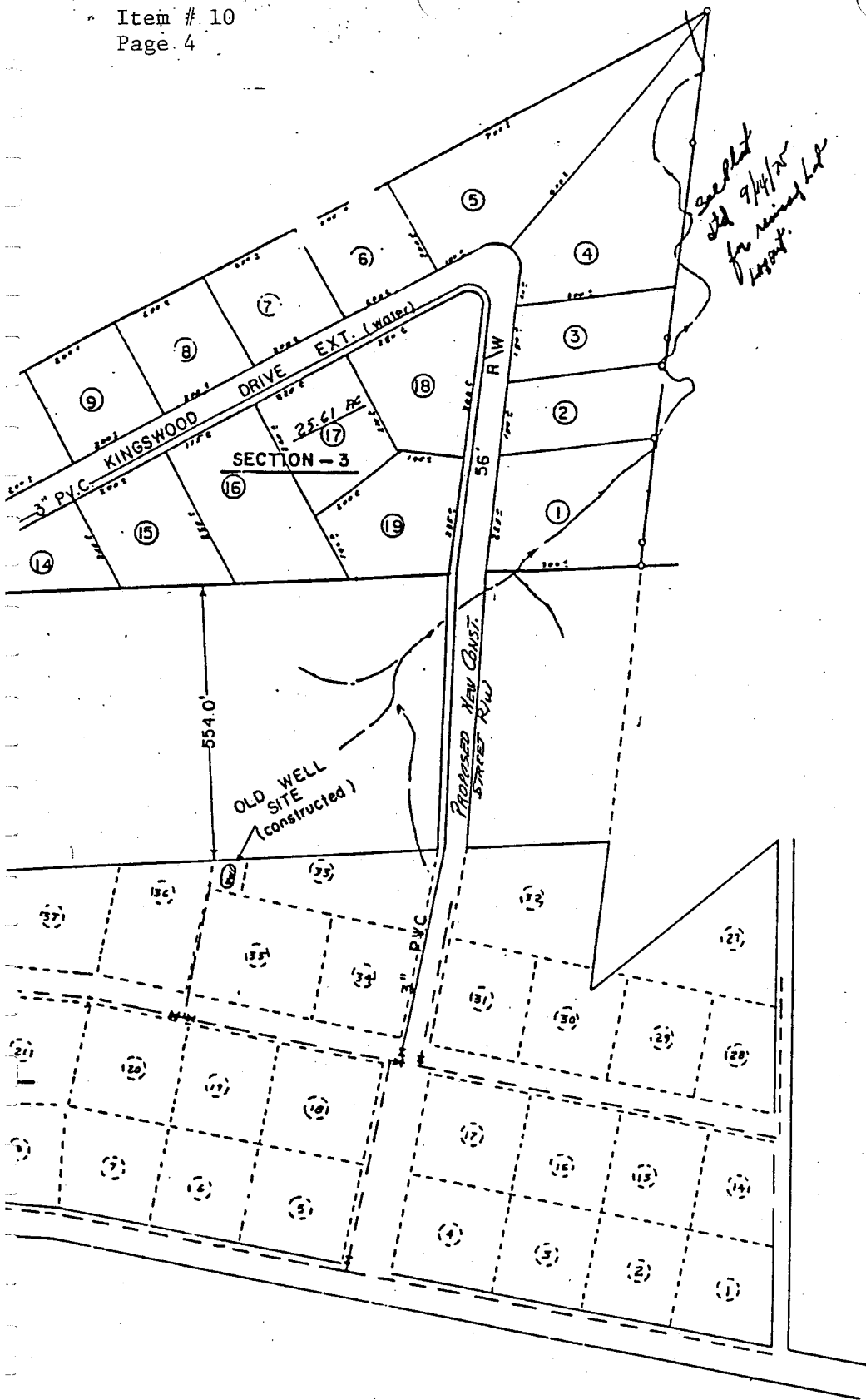






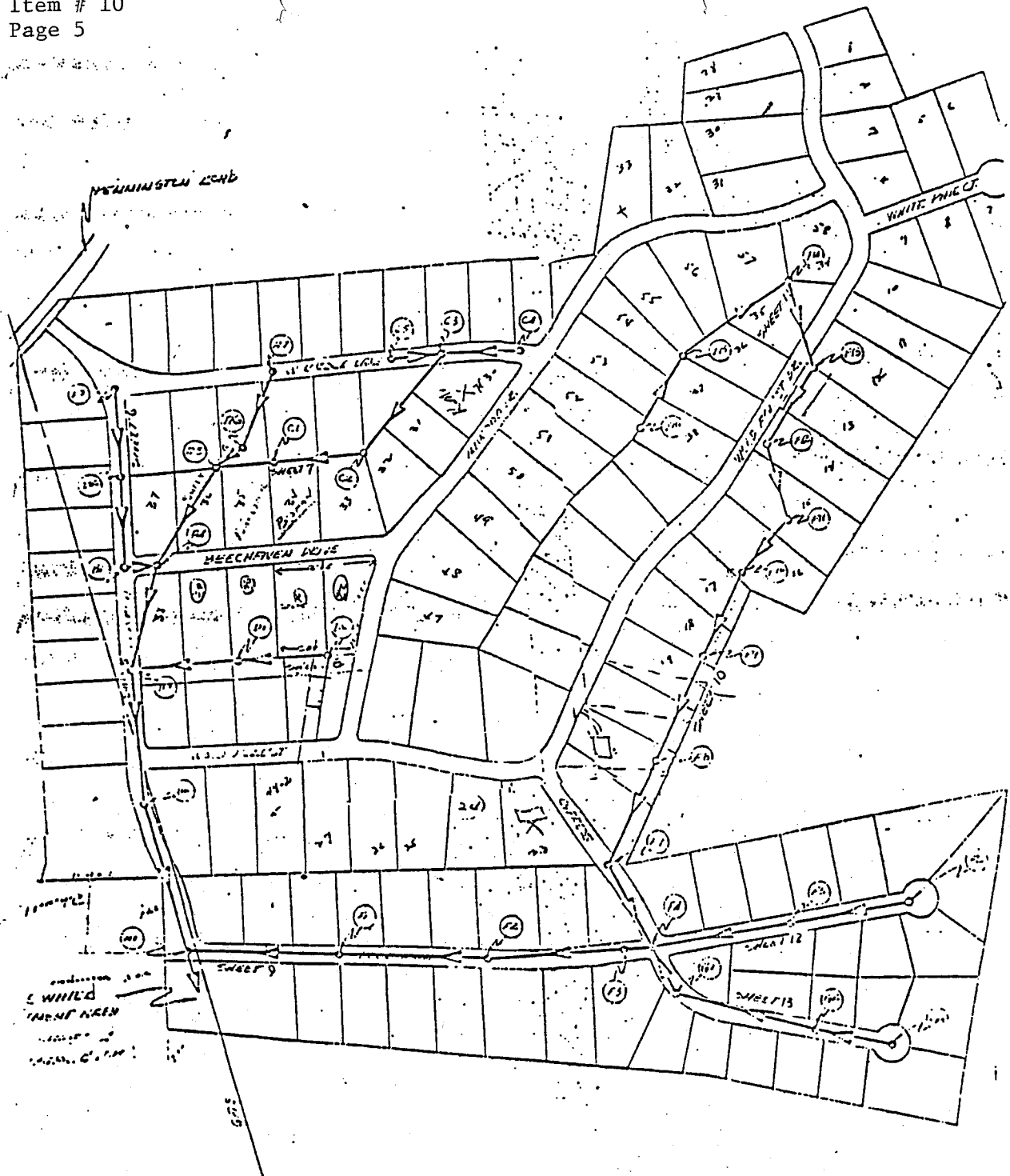
EXISTING WATER LINES
EXISTING VALVE
NEW WATER LINES
NEW WATER VALVES
NEW WELL SITE





*see plat
222 9/14/75
for revised lot
layout.*

RIVER PINES SUB-DIVISION SECTION 1, 2 & 3			
YORK COUNTY, SOUTH CAROLINA			
WATER SYSTEM EXTENSION		SCALE	DRAWN BY
FOR SECTIONS 2 & 3		1" = 200'	B.H.
BRADFORD M. HUCKS AND SON		REVISED	
LAND SURVEYORS & LAND PLANNERS, ROCK HILL, S.C.		DRAWING NUMBER	
DATE	APPROVED BY	DRAWING NUMBER	
	ROBERT C. CARROLL JR.		



WOOD FOREST SUBDIVISION

TOTAL PLANT INVESTMENT BY CATEGORIES

RIVER PINES WATER SYSTEMS, INC
TOTAL PLANT INVESTMENT BY CATEGORIES
TEST YEAR ENDED: OCTOBER 31, 1998

	ORIGINAL COST	LESS ORIGINAL COST RECOVERED	NET INVESTMENT IN PLANT
WATER			
<u>River Pines Subdivision</u>			
Right of Way	756		756
Wells	38,735	27,866	10,869
	39,491	27,866	11,625
	<u>39,491</u>	<u>27,866</u>	<u>11,625</u>
<u>Wood Forest Subdivision</u>			
Wells	59,533	21,870	37,663
Mains - Distribution System	41,576	15,226	26,350
Vehicles and Other Equipment-Backhoe	13,229	5,277	7,952
	<u>114,338</u>	<u>42,373</u>	<u>71,965</u>
SEWER			
<u>Wood Forest Subdivision</u>			
Collection System	103,428	40,132	63,296
Treatment Plant	59,823	23,212	36,611
Vehicles and Other Equipment-Backhoe	13,228	5,133	8,095
	<u>176,479</u>	<u>68,477</u>	<u>108,002</u>
GENERAL EQUIPMENT			
Computer	982	0	982

LETTERS OF COMPLIANCE



South Carolina Department of Health
and Environmental Control

CATAWBA DISTRICT
ENVIRONMENTAL QUALITY CONTROL
Serving Chester, Lancaster, and York Counties

July 20, 1998

Mr. Jim Hix
4464 Cypress Cove Road
Rock Hill, S.C. 29732

Re: River Pines S/D Water System; 4650002; York County

Dear Mr. Hix:

The above referenced water system is approved for operation and the water quality was satisfactorily during the last monitoring period.

I hope this information will be helpful to you.

If you have any further questions, please contact me at 803-285-7461.

Sincerely,

Joe S. Faris, Jr.
District Engineer



CATAWBA DISTRICT
ENVIRONMENTAL QUALITY CONTROL
Serving Chester, Lancaster, and York Counties

July 20, 1998

Mr. Jim Hix
4464 Cypress Cove Road
Rock Hill, S.C. 29732

Re: Woodforest S/D Water System; 4650021; York County


Dear Mr. Hix:

The above referenced water system is approved for operation and the water quality was satisfactorily during the last monitoring period.

I hope this information will be helpful to you.

If you have any further questions, please contact me at 803-285-7461.

Sincerely,



Joe S. Faris, Jr.
District Engineer



South Carolina Department of Health
and Environmental Control

CATAWBA DISTRICT
ENVIRONMENTAL QUALITY CONTROL
Serving Chester, Lancaster, and York Counties

July 20, 1998

Mr. Jim Hix
4464 Cypress Cove Road
Rock Hill, S.C. 29732

Re: Woodforest WWTF; NPDES No. SC0035661; York County

Dear Mr. Hix:

The above referenced waste water treatment facility is approved for operation and was operating satisfactorily during the last inspection.

I hope this information will be helpful to you.

If you have any further questions, please contact me at 803-285-7461.

Sincerely,

Joe S. Faris, Jr.
District Engineer

Phone: 803- 285 -7461

P. O. Box 100
Fort Lawn, SC 29714

Fax: 803-285-5594

COPY OF BILL

MAKE CHECKS PAYABLE TO:

RIVER PINES WATER SYSTEM
P.O. BOX 2585 CRS
ROCK HILL, SC 29731
Ph. 548-7222; 325-2134

FROM	TO	DATE OF BILL
	-98	-98
METER READINGS (10's)		CONSUMPTION
PREVIOUS	PRESENT	AMOUNT
SEWER		—
OVER DUE		—
LATE PAYMENT CHARGE		—
ACCOUNT NO.	BILL DUE BY	TOTAL DUE
W	-98	

RETURN THIS STUB WITH PAYMENT

ACCOUNT NO.	TOTAL DUE
W	